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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20500

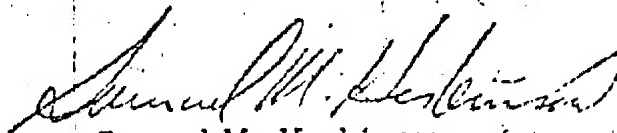
April 22, 1977

MEMORANDUM FOR: DAVID McGIFFERT
W. BOWMAN CUTTER
HAROLD SAUNDERS
JOHN HARMON
JAMES TAYLOR

SUBJECT: PRM/NSC-11, Section 3

Attached for your consideration is a brief draft outline for Section 3 of PRM/NSC-11. It is intended to provide you with a general idea of the approach the drafting team proposes to take in developing the paper. It does not, however, have the benefit of the submissions due today in response to the questions posed on 8 April and may, therefore, be deficient in some important respect.

A second item on the agenda for Monday morning's Working Group meeting (Room 305 OEOB at 1100) is any additional guidance you may wish to provide the drafting team. Presumably, the 22 April submissions have raised some new issues or at least crystalized your thinking on some aspects of the Intelligence Community.



Samuel M. Hoskinson
Acting Chairman

PRM/NSC-11 Section 3 Working Group

cc: Thomas Latimer
Admiral Inman

Arnold Donahue

Attachment

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Classified by: Zbigniew Brzezinski

NSC Review Completed

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PRM/NSC-11 Section 3

I. Objectives of U.S. Foreign Intelligence

(This opening section will be a relatively brief but definitive essay setting forth the essential broad criteria against which any decisions concerning the Intelligence Community should be judged. These are in effect a broad set of "guiding principles.")

A. Provision of high quality intelligence support to a multiplicity of consumers at different levels of responsibility and with different requirements.

1. Diversity of consumers and requirements

- a. President, NSC, and subcabinet
- b. Departmental planners of policy, force structures and R&D
- c. Operational planners of political and military actions
- d. Field planners and executors of policy and operations

2. "Quality" has several aspects

- a. Accuracy, informed as to data
- b. Relevant and timely in to users specific problems
- c. Candid and objective in judgment
- d. Responsive

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B. Adequate security and safeguards against abuse

1. Sound laws and executive order guidance
2. Comprehensive oversight mechanism within Executive
and legislative branches
3. White House support and leadership
4. Cultivation of high standards of professional ethics
and discipline within entire foreign affairs
community.

C. General principles concerning organization

1. The President, NSC members and subcabinet
officials require at least one alternative source of
intelligence judgment to that provided by their own
staff/departmental analysis (non-departmental or
"national" intelligence).
2. Analytical intelligence production must be diversified
and its elements specialized to some degree, to meet
consumer requirements (departmental).
3. Mechanisms must be provided to pool the best available
judgments of all elements of the Intelligence Community
on the most important issues. ("national" bureaucratic
machinery for situation reports, current intelligence,
interagency memorandum, and estimates.)

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4. Data and analysis available at one point must be available at all concerned with the subject.
5. The requirements of effective and efficient management of resources must be dominant criteria for organizational structure.
6. [Things that interrelate most closely should be organizationally combined]
7. The right balance between centralization and decentralization must be sought, recognizing the need for maintenance of departmental diversity

II. Assessment of Recent Experience

(This section will define and analyze the basic problem areas within the Intelligence Community in the present organizational, leadership and political environment. It will be based on a thoroughgoing critique of the Intelligence Community as presented in Department/Agency/Staff responses to the outline distributed on 8 April to the PRM/NSC-II Section 3 Steering Group and will distill from this the distinct areas, on "problem sets," judged to be of primary concern to the SCC and the President. The ultimate objective will be to present a set of criteria rooted in practical experience that will serve as benchmarks for judging organization options and other proposals for change. What follows below is a rough first

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cut at identifying the relevant "problem sets" subject to amendment when the Department/Agency/Staff responses have been received and intellectually digested.

A. Requirements - Resource allocation system

1. Requirements development and prioritization
2. Program development and budget review
3. Performance evaluation

B. Production of National Intelligence

1. Quality of the product
2. Performance evaluation
3. Responsiveness of collection and production elements
4. Tasking authority

C. Counterintelligence

1. The "threat"
2. National policy?
3. Interagency coordination and oversight

D. Special Activities

1. Requirements for and feasibility of covert action initiatives
2. Sensitive source collection; human

E. Public Trust and Confidence

1. Legislative involvement
2. Oversight mechanisms - SSC(I), IOB, PFIAB, Congress
3. Limitations

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III. Organizational Options

(This section will identify in appropriate detail a representative range of organizational options. It is not intended to be theoretically comprehensive but rather to portray real world possibilities responsive to the criteria and problems identified in Sections I and II of this outline. The advantages and disadvantages of each option will be developed in some detail and, to the extent possible, related directly to Sections I and II of the paper.)

A. Community-wide Reorganization

1. Status Quo (National Security Act and E.O. 11905)
2. Strengthen DCI Control of Resource Management (Amend E.O. 11905)
 - a. Give DCI direct resource information access and programming power on all NFIP elements
 - b. Give DCI direct resource information access to national programs (NSA [redacted] 25X1
[redacted] but leave departmental intelligence activities (like DIA and INR) under the complete control of their respective departments.
 - c. Amalgamate IC Staff and ASD(C /1) functions with a consolidated community resource management staff.

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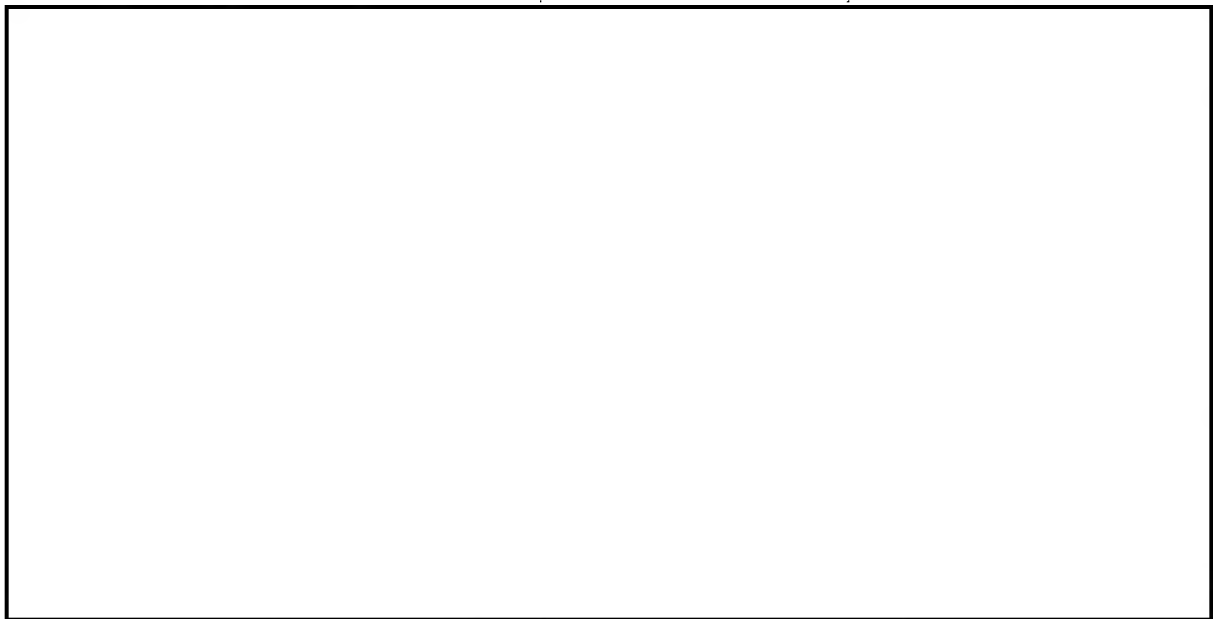
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3. Subordinate (line and resource command) of all "national" programs to DCI but allow them to maintain individual identities.
4. Create a single new National Intelligence Agency of NSA, CIA,



B. Special Organization Problems

1. Separate national intelligence production organizationally from collection elements of CIA



3. Counterintelligence
 - a. Special NSC Interagency Committee chaired by Attorney General
 - b. DCI (IC Staff) provide coordination point
4. Oversight
 - a. Strengthen IOB - enlarge membership, increase staff, move "investigation power."
 - b. PFIAB

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C. All Options

1. Clarify relationship of national intelligence to Defense in war.

Three basic concepts:

- a. National entity is good for war and peace.
 - b. "Some" elements go to Defense in war.
 - c. All critical collection chops to Defense in war.
2. Indicate role of interagency committee structures.
 3. Define role of national intelligence head(s) to Congress.
 4. Define responsibilities to intelligence of non-intelligence elements, like FSO reporting.

IV. Other Solutions

- A. Executive Orders
- B. Presidential Directives
- C. Public statements

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Priority

April 22, 1977

WHITE HOUSE SITUATION ROOM

FROM: SAMUEL HOSKINSON

Use LDX the attached paper to following:

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ADMIRAL BOBBY R. INMAN
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(pls) [redacted] before delivery; if
no answer hold until Monday morning)

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Thank you.

Attachment
Memo w/att